

شاه جلال اسلامي بنك ليميتيد

**Shahjalal Islami Bank**  
L I M I T E D



শাহজালাল ইসলামী ব্যাংক  
লিমিটেড

## INTERNSHIP REPORT

On

# **“General Banking Customer Satisfaction: A Study on Shahjalal Islami Bank”**

### **Submitted to**

Asphia Habib

Lecturer

BRAC Business School,

BRAC University.

### **Submitted by**

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Id: 12104212

**Date of Submission: 13 June, 2016**

## **LETTER OF TRANSMITTAL**

To,

Asphia Habib,

BRAC Business School,

BRAC University.

### **Subject: Submission of internship report**

Dear Madam,

With due respect, I would like to inform you that I am submitting my Internee Report on General Banking Customer satisfaction at “**Shahjalal Islami Bank Limited (SJIBL)**”

This internship opportunity at **Shahjalal Islami Bank Limited** has exposed me to the banking sector of our system and has helped me learn and gather vast knowledge about how the banking industry operates.

I have tried my best to incorporate as much reliable data as possible and given a lot of efforts to accomplish the report. I have thoroughly enjoyed preparing this report as a requirement of the internee Report of “Bachelor of Business Administration (BBA)”.

I will be highly encouraged if you receive my report and grateful to you for your relentless guidance which helped for completion of my report. Thank you for your kind and helpful cooperation in directing me as to how to prepare this report.

Respectfully,

Md.Suza-At-Hossain

Id: 12104212

## Acknowledgement

Individual efforts alone can never contribute in totality to a successful completion of any venture. I would be fail in my duty if I did not state my gratitude and appreciate to the following individuals who have made valuable contribution toward this report.

First of all, I thank Almighty ALLAH for granting me an internship opportunity at a reputed organization and giving me enough patience and determination to work and learn from there.

During this tenure of three months I have gathered a lot of practical experiences which now I can relate to my theoretical understanding and all this would not have been possible without the proper guidance of my honorable supervisor **Asphia Habib**. I show my sincerest gratitude to her for being patient with me and guiding me throughout my internship program which helped me in making this report.

I would also like to express my thankfulness to, **Mr. Moinul Hossain**, General Banking In charge, SEO, for helping me throughout my internship at Shahjalal Islami Bank Limited and motivating to think critically and practically on an organizational perspective.

Lastly, I would like to thank all the other personnel, both at BRAC University and Shahjalal Islami Bank Limited, for their kind and patient assistance provided to me. It would have been really difficult for me to prepare this report without their cooperation.

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## **EXECUTIVE SUMMARY**

Shahjalal Islami bank started its journey to attain its vision and mission on 1<sup>st</sup> day of April 2001 under the Companies Act, 1994 as a public Limited company. SJIBL believe that success depend on the ability to consistently satisfy the every changing choice of customer.

In this report I have discussed about every major aspect of my work experience during my internship period. I have worked on general banking section of SJIBL.

The main objective of this study is to give a brief idea about SJIBL's general banking activities, customer satisfaction, deposit and savings products, and retail loan product and explain my duties and responsibilities in Shahjalal Islami Bank over these three months.

In this report the first part is about overview of Shahjalal Islami Bank Ltd, mission and vision of Shahjalal Islami Bank Ltd. Part two is about the job description. And the third part is regarding the customer satisfaction services provided by SJIBL.

For collection of data for this report I have used both primary and secondary sources. I have collected the data from personal observation and informal discussion with the employees of Shahjalal Islami Bank Motijheel branch and my other sources were SJIBL's annual reports, published documents on the internet, etc.

At the end it contains an analysis regarding few of the services provided by the general banking division which gives an idea about the success of the general banking division of Shahjalal Islami bank.

## **Chapter 1: The Organization**

In the surroundings of economic liberalization and financial sector reforms, a group of vastly successful local entrepreneurs conceived an idea of floating Islamic banking system. For them, it was competence, excellence and consistent delivery of reliable service with superior value products based on 'Islamic Shariah'. Lending money is the major part of a bank. The report basically focuses on General Banking of Shahjalal Islami Bank Limited (SJIBL), Motijheel Branch. It has been converted to commercial operation in accordance with interest free Islamic Shariah based commercial bank on that day. Shahjalal Islami Bank Bangladesh Limited has already emerged as one of the world wide recognized banks due to its retail product management which are part of general banking according to the principles of Islamic Shariah. Islamic banking is a new diminution of interest free banking where 'Riba' or interest is strictly prohibited. So I have tried to represent their performance and problems and prospects on the ground of general banking. More over this report will help me to understand the culture of work in a bank. I have mentioned all the things in the report whatever I have learned and have known from my thesis in the Shahjalal Islami Bank Limited, Motijheel Branch. The internship report has been based on my practical experiences that I have gathered from working there as an intern.

### **History:**

The "**Shahjalal Islami Bank Limited**" a Shariah Based Commercial Bank in Bangladesh was incorporated as a public limited company as on 1<sup>st</sup> day of April 2001 under the Companies Act. 1994. The Bank started its commercial operation on May 10, 2001. The Bank has made a significant progress within a very short period of its existence and occupied an enviable position among its competitors after achieving remarkable success in all areas of business operation. The authorized capital of the Bank is Tk. 10,000 million and Paid up capital of the Bank stood at Tk. 7347 million as on 31 December 2015. The total

equity (capital and reserves) of the Bank as on December 31, 2015 stood at Tk. 7,747 million.

With a view to materialize the dream of the people of Bangladesh for doing their banking transactions in line with what is prescribed by Islam, a group of highly successful entrepreneurs conceived an idea of floating a commercial bank styled as “**Shahjalal Islami Bank Limited**” which is named after the name of the renowned saint Hajrat Shahjalal (R) who dedicated his life for the cause of peace in this world and hereafter and for the service of humanity. The sponsors are reputed personalities in the field of trade & commerce, industry and finance.

The Bank is being managed by a group of highly experienced professionals with diversified experience in finance and banking. The Management of the bank constantly looks after customers’ satisfaction and believes that a satisfied customer is a great Ambassador. The Bank has already achieved tremendous progress within only fifteen years. The bank has already ranked as one of the quality service providers & is known for its reputation. It offers the full range of banking services for personal and corporate customers, covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank.

All activities of the Bank including its products and services are mainly for different economic groups of Bangladesh at home & abroad. Bangladeshi expatriates living abroad in different countries form a strong economic group who contribute greatly towards the economic development of the country.

## **Vision**

To be the unique modern Islami Bank in Bangladesh and to make significant contribution to the national economy and enhance customer’s trust, wealth and services, quality investment, employee’s value and rapid growth in shareholder’s equity.

## **Mission:**

- To provide quality services to customers
- To set high standards of integrity
- To make quality investment
- To ensure sustainable growth in business
- To ensure maximization of shareholders wealth
- To expand the customer's innovative service acquiring state-of the-art technology blended with Islamic principles.
- To ensure human resource development to meet the challenges of the time.

## **Objectives of SIBL:**

From time immemorial Banks principally did the functions of moneylenders or "Mohajans" but the functions and scope of modern banking are now a days, very wide and different. They accept deposits and lend money like their ancestors, nevertheless, their role as catalytic agent of economic development encompassing wide range of services is very important. Business commerce and industries in modern times cannot go without banks. There are people interested to abide by the injunctions of religions in all sphere of life including economic activities. Human being is value oriented and social science is not value-neutral.

Shahjalal Islami Bank believes in moral and material development simultaneously.

"Interest" or "Usury" has not been appreciated and accepted by "the Tawrat" of Prophet Moses, "the Bible" of Prophet Jesus and "the Quran" of Hazrat Muhammad (sm). Efforts are there to do banking without interest. Shahjalal Islami Bank Limited avoids "interest" in all its transactions and provides all available modern banking services to its clients and wants to contribute in both moral and material development of human being. No sustainable material well-being is possible without spiritual development of mankind. Only material



well-being should not be the objective of development. Socio-economic justice and brotherhood can be implemented well in a God-fearing society.

The other objectives of Shahjalal Islami Bank include the followings:

- To conduct interest-free and welfare oriented banking business based on Islamic Shariah.
- To implement and materialize the economic and financial principles of Islam in the banking arena.
- To contribute in sustainable economic growth.
- To help in poverty alleviation and employment generations.
- To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- To earn and maintain a 'Strong' CAMEL Rating.
- To introduce fully automated systems through integration of information technology.
- To ensure an adequate rate of return on investment.
- To maintain adequate liquidity to meet maturing obligations and commitments.
- To play a vital role in human development and employment generation.
- To develop and retain a quality work force through an effective Human Resources Management System.
- To ensure optimum utilization of all available resources.
- To pursue an effective system of management by ensuring compliance to ethical norms, transparency and accountability at all levels.

## **General Banking Activities:**

### **Account opening**

One cannot be a customer of the bank without opening an account. Account opening is an agreement between the customer and the bank. The form of account opening acts as a contract evidence. So account opening is one of the most important activities of a bank. The rules and regulations for opening of an account can vary according to types of accounts.

### **Types of Accounts:**

#### **1. AL-Wadiah Current Deposit**

For private, individuals, merchants, traders, importers and exporters mill and factory overset this type of account is advantageous. The minimum deposit of Tk.5000 for opening of a current account is required with reference.

The benefits of current account are as follows-

- Statement of account on monthly basis/any time.
- Free cheque book
- Statement by fax on demand
- Any number of transactions a day.

#### **2. Mudaraba Savings Deposit**

There is restriction on withdrawals. Frequent withdrawal is prohibited. The saving account is primarily for small-scale savers. The main objective of this A/C is promotion of saving money.

### **Highlights of the Account**

- 7 days notice is required for withdrawal of large amount.
- Frequent withdrawal is not encouraged.
- Minimum amount of Tk.2000.00 is required as initial deposit.
- Normally withdrawal is not allowed more than one time in a week

### **3. Mudaraba Short Notice Deposit (MSTD)**

The Bank offers more profits in the short-term deposit than savings account. The depositors must keep their money for at least six months to get the profit. Generally it is suitable for various big companies, organizations and govt. departments

### **4. Mudaraba Term Deposit Receipt (MTDR)**

When an account of cash is kept in the bank for a fixed period of time these deposits cannot withdraw money from the bank before the maturity of a fixed period. When the depositors open these types of account the banker issues a receipt acknowledging the receipt of money, on deposit account. For three and six and twelve months the rate of interest is 12.5%, 12.75%, and 13% respectively.

### **5. Monthly income scheme:**

It is a monthly income scheme that really makes good sense for a sure investment for a steady return.

#### **Highlights of the Scheme:**

- Minimum deposit TK, 50,000.00 and profit will be TK, 450.00.

- Higher monthly income for higher deposit.
- The scheme is for a 5-year period.

### **Objectives of the scheme**

- The depositors have to fill up forms for opening this account.
- The receipt, which is provided by the bank to the customers, is not transferable.
- The Bank will not provide profit to means if this deposit is withdrawer within one year of opening the account.

### **6. Mudaraba multiple Deposit scheme**

Investment leads a country to industrialization. But saving is the main source of investment. Without saving a country cannot build up capital. For this reason saving is called the skeleton of development. This is a nine years deposit, which increases the deposit more than triple. Shahjalal Islami Bank offers mudaraba multiple savings by creating more conscious and encouraging people to save.

### **7. Hajj Deposit Scheme:**

Hajj deposit at monthly installment from 1(one) year to 25 (twenty five) years are accepted under the above scheme to enable the account holder to perform hajj out of the accumulated saving with profit.

### **8. Money Grower**

Money gradually grows in this account. It is a monthly savings scheme. It secures the future with ease. A small saving today will provide comfort tomorrow.

### **Product/ service Offering:**

Being a commercial bank, Mutual of Shahjalal Islami Bank Limited provides all banking services to its customers and moreover it also offers a wide range of modern services and products to its clients the product lists of Shahjalal Islami Bank Limited are as follows:

### **Deposit Schemes:**

- Millionaire Scheme
- Double the Money Scheme
- Monthly Income Scheme
- Monthly Deposit Scheme
- Hajj Scheme
- Mudaraba Bibaho Scheme (New Product)
- Mudaraba Cash Waqf Deposit Scheme (New Product)
- Special Term Deposit Scheme (New Product)
- Mudaraba Mohor Deposit Scheme (New Product)
- Mudaraba Shikhkha Deposit Scheme (New Product)
- Mudaraba Housing Deposit Scheme
- Mudaraba Lakhopoti Deposit Scheme
- Mudaraba Small Business Deposit Scheme

**Investment Schemes:**

- Doctors Investment Scheme
- Education Investment Scheme
- Executives Investment Scheme
- Marriage Investment Scheme
- Overseas Investment Scheme
- Household Durable Scheme
- Small Business Investment Scheme
- Housing Investment Scheme
- Small Entrepreneurs Investment program
- Medium Entrepreneurs Investment program
- Rural Investment Program (RIP)
- Car Investment Scheme

- CNG Conversion Investment Scheme

### **Services:**

“Shahjalal Islami Bank Limited” offers the full range of banking services for personal and corporate customers, covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, real estate to software and is backed by the latest technology.

The Bank has a strong Shariah Council consisting of prominent Ulama, Fuquah & Economists who meet periodically to confer decisions on different Shariah issues relating to Banking Operation & to address them and to give necessary guidance to the management on Shariah Principle. Since inception, Bank has been performing in all the sectors i.e. general Banking, Remittance, Import, Export and Investment. All our branches are fully computerized having on line Banking facility for the clients.

The services of ShahJalal Islami Bank Limited can be pointed out as follows:

- Online services
- Automated Accounting
- Integrated System
- Signature Verification

- Any Branch Banking
- ATM Services
- POS Services
- SMS Push Pull Services
- Other Delivery Channel Services (to be implemented)

**Finance:**

To provide interest-free Banking Shahjalal Islami Bank has adopted the following modes of investment:

1. Musharaka (equity participation on the basis of sharing profit and loss)
2. Mudaraba (sharing of profit and loss in business where one of the partners provides expertise and management and other partner provides capital remaining inactive)
3. Murabaha (buying and selling of commodities goods etc. with profit)
4. Bai-Muajjal (credit sale with profit)
5. Ijara (leasing for rent)
6. Hire purchase or Shirkatul Melk
7. Bi-Salam (purchasing of agricultural products while in production and providing advance money to the producers)
8. Istisna (purchasing of industrial products while in production and providing advance money to the producers).
9. Quard.

**Capital:**

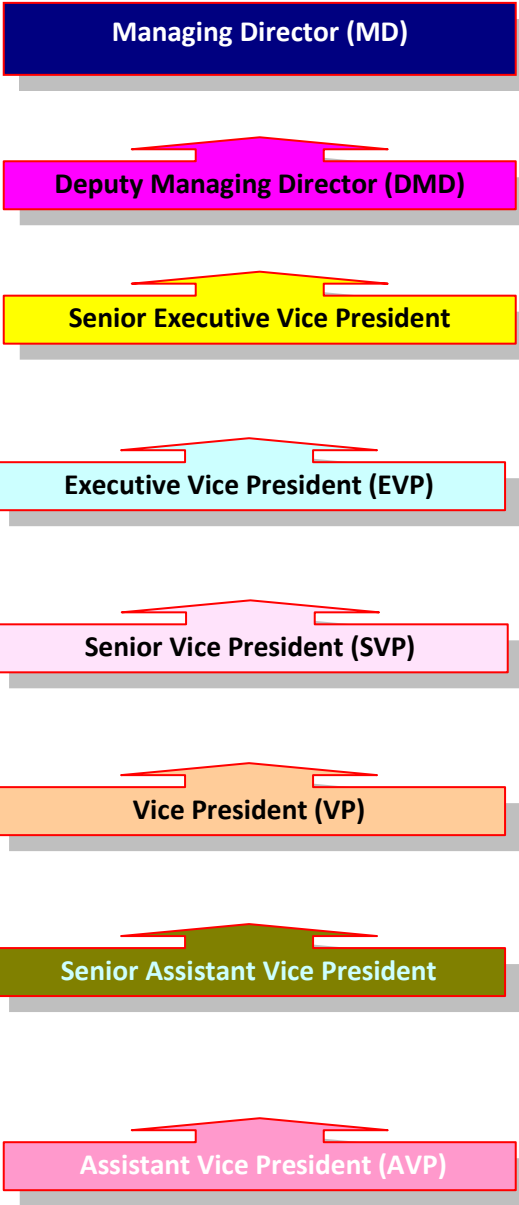
The authorized capital of the Shahjalal Islami Bank Limited (SJIBL) is Tk. 10,000 million and Paid up capital of the Bank stood at Tk. 7347 million as on 31 December 2015. The total equity (capital and reserves) of the Bank as on December 31, 2015 stood at Tk. 7747 million.

**Markets:**

By now, the Bank established correspondent Banking relationship with 18 Banks covering their global network of 385 branches/units of International repute at different important locations. It also established accounting relationship with 10 Banks and maintaining 22 NOSTRO Accounts in 8 (eight) major Currencies at different convenient locations.



**Operational network organogram**



**First Assistant Vice President**

**Junior Assistant Vice President**

**Senior Executive Officer (SEO)**

**Executive Officer (EO)**

**First Executive Officer (FEO)**

**Junior Executive Officer (JEO)**

**Assistant Executive Officer (AEO)**

**Senior Officer (SO)**

**Officer**

**Junior Officer (JO)**

**Trainee Assistant Officer**

The diagram above shows the management levels at ShahJalal Islami Bank Limited.

# **Chapter 2:**

# **Job Description**

## **Duties and Responsibilities:**

I worked as an intern in General banking department from where I have gathered my practical knowledge about Islamic banking procedure. Most of my work experience is a result of working under the supervision of Customer Service Officers.

### **Duties:**

- Assisting the general banking duties.
- Assisting at the Transfer section
- Assisting at the Clearance section
- Assisting at the Foreign exchange department
- Providing information to customers
- Assisting in issuance of payment orders
- Making corresponding entries on outward mail register for sending letters to customers (Issuing thanks letter)
- Assisting in marking and checking each day's transaction supplementary with the debit and credit vouchers

### **Assisting at the Transfer section:**

My key task at this department was to assist Customer Service Officers. In this section I had to provide all the necessary information, papers and documents to the customer service officers in order help them with account opening duties. My main task was to provide all the necessary documents that are needed for account opening purposes to the customers like: photocopy of NID, Driving license, Trade license, Birth certificate etc. and help them regarding filing up the account opening documents. I also had the responsibility to check and see the validity of the legal documents provided by the customers and see if any of the documents have been tampered with or not. After all the pre account opening procedures I had to hand over all the documents to the customer services officers so that they could verify all the details and open the account. I was also given the responsibility to provide the customers with debit cards with corresponding card PINs and credit cards after verifying their identification and authorization of the customer service officer.

### **Providing information to customers**

During my internship program, I had a vital responsibility along with other duties and that was to direct and help the customers when they were facing any problem or had any query. Almost every day, I had the responsibility to assist customers when they were unsure regarding which legal documents they would need to open an account or which savings account would be best suited for them in terms of their deposits, age, etc. or what would they have to do to change their mailing address, signature change, enrolling for push-pull sms and internet banking, account closing, DPS information, issuing cheque book etc.

### **Assisting at the Clearance section:**

I also worked at clearing department for a month. My main duties was to receive cheques of other branches, placing clearance seals on cheques and transfer those cheques to the clearance department and then later under the supervision of an officer, checks if there is any mistake or not and then signs the cheques, scans them and to put them in order.

### **Assisting at the Credit section:**

The credit section evaluates and assesses the risk allied with a certain client before providing any loan or issuing credit cards. My main job in this department was to assist officers in filling up undertaking forms and various loan forms and check the legal documents provided by the customers, make photocopy of them and put valid seal on them.

### **Issuing Thanks letter:**

ShahJalal Islami bank verifies applicant address by sending a letter at applicants address. For all the accounts opened with SJIBL, it is a procedure that is utilized to verify the address of the account opening customer and that is done by sending a formal greeting message called “thanks letter”. The customer service officers issue a thanks letter against the address of the customers and then I had the obligation to opportunely enclose the letter and make corresponding entries on the outward mail register for each letter and then I had to distribute those to the Dispatch section which deals with distributing the letter to the respective addresses printed on each letter

### **Giving Cheque Books:**

When the customers come to collect their cheque book it was my responsibility to give them their check books by first checking their name, picture and signature and then taking their signature in the received file. And then I posted the cheque book page numbers and other cheque book related information in cheque book register. After that customer service officer authorizes the cheque books.

**Cash Section:** During my internship period I had the opportunity to work at cash department. Mostly I sorted all the daily vouchers, cheques, bills, etc.

### **Assisting in issuance of payment order**

Payment order issuance is one of the most frequent activities carried out in general banking. My duty regarding this aspect was to provide the customer, issuing the payment order, with a payment order form and place a payment order tracing number on the payment order form under the supervision of the concerned officer. Later, when the customer had deposited cash or cheque against the payment order, the concerned officer would check if the customer had made the payment. After that, the officer would print the specific payment order bearing the specific payment order number and provide me with it and then it was my responsibility to place the "NOT OVER TK.....ONLY" seal, on the payment order and fill that up with the respective amount of the payment order. This seal is very important as it eliminates the chance of any tampering. A payment order has three parts, one is bank's copy, another is the payee's copy, and the other one is for the one receiving the payment order. It was my responsibility to make sure that all the three sections of the payment order had been signed by two authorizing officers. After the authorizing of the payment order, I had to hand over the payment order to the customer.

### **Assisting in marking voucher**

Every day the lots of transaction takes place in banks. For each of the transaction there is either a debit or credit voucher. If money goes out from bank then it's a Debit transaction and if money is received by bank then it is a credit transaction. At the end of the day it was my duty to separate and sort all the credit and debit vouchers under every different account types. After sorting out the vouchers, I had to assist the officers in marking and checking each specific account's vouchers amount with each distinct account supplementary and I had to see if the amounts on both the vouchers and the supplementary for each transaction match.

After that I had to arrange all the documents accordingly and put them in a serial on account-wise basis specified in the daily cash book.

## **Chapter 3**

# **Findings & Analysis**



## **Summary:**

This project talks about the customer services provided by ShahJalal Islami Bank. It also contains different types of customer accounts, schemes, investment policy etc. This project also includes the various examinations of documents the bank officers of general banking officers do in order to maintain the terms and conditions of the customer service. The main focus of the project is to give a view of the customer satisfaction of ShahJalal Islami Bank.

## **Objective of the report:**

To show up the basic principles and service provided by general banking of Shahjalal Islami Bank and to give an analytical review of the performance of general banking division of Shahjalal Islami Bank.

## **Methodology**

The methods used to collect information regarding making of this report are:

- Discussions with bank officers (my supervisor)
- Observations made while working at the foreign exchange of Shahjalal Islami Bank Motijheel branch.
- ShahJalal Islami Bank annual report
- Different publications of Bangladesh Bank
- Some secondary data collected from ShahJalal Islami Bank Ltd website

## **Limitations**

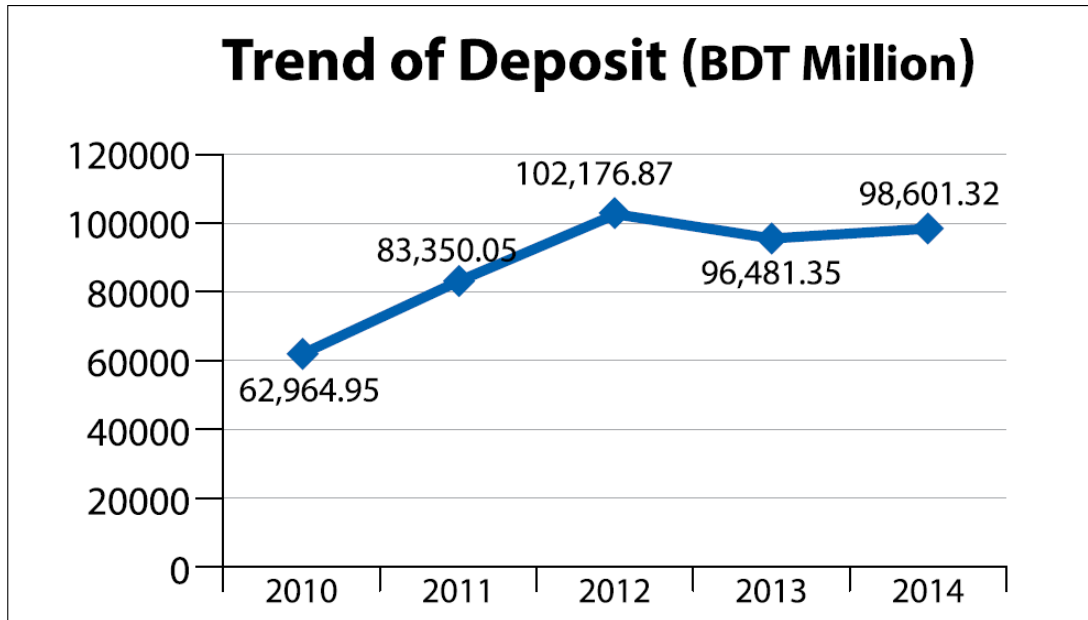
Few limitations I faced while preparing this report were:

- I have worked at the General banking division but could not work into other sectors of my branch due to workload and time shortage.
- Time period of my internship was short because three months is not enough to get an idea about the whole operations of a bank so I had to focus my report mainly on General Banking division.
- The reliability of my report depends on data collected from annual reports.

Evaluation of Financial activities of SJIBL:

### **Growth of Deposit of Shahjalal Islami Bank Limited:**

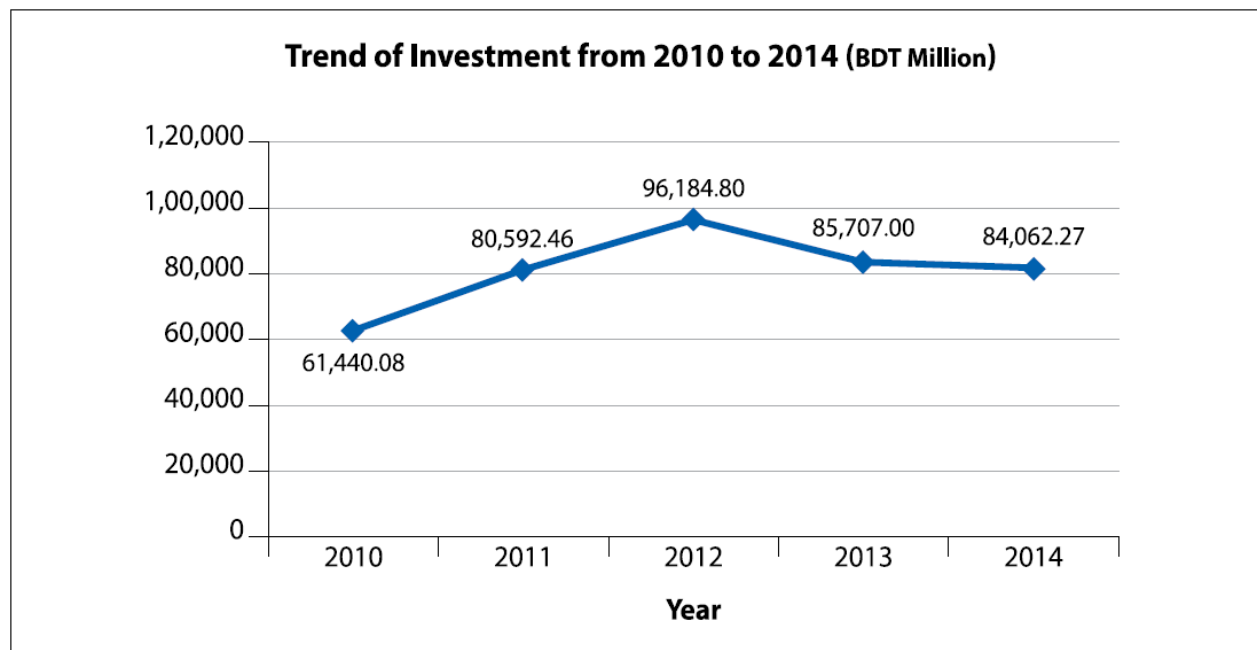
Year	2010	2011	2012	2013	2014	2015
Paid up capital (Taka in million)	62964.95	83350.05	102176.8	96481.35	98601.32	103774
Growth		32.37%	22.52%	-5.57%	2.19%	5.24%



Upto 2012 the bank was earning well. But in 2013 the deposit amount went down. A major impact to this negative growth was decrease in placement of fund with other banks and financial institutions which reduced the Paid up capital by 46% from Tk. 7,783 million to Tk. 4,234 million. Banks deposit decreases because of economic expansion and increases during recessions.

### **Growth of Investment of Shahjalal Islami Bank Limited:**

Year	2010	2011	2012	2013	2014	2015
Paid up capital (Taka in million)	61440.08	80592.46	96184.80	85707	84062.27	90900
Growth		31.17%	19.34%	-10.89%	-1.91%	8.13%



Form the figure below the observation is that SJIBL has a good growth rate in 2010 and in 2012,  
But the rate declined by 10.89% on 2013 and 1.91% on 2014

# Chapter 3

## Part 2

### General Banking

#### **General banking:**

The banking industry generally is fueled by an inflow of funds. The overall financial sector is a very complicated part but the essential operation of this industry can be divided in two parts. The two parts involve the inflow and outflow of funds. The inflow of funds are referred to as being the deposits taken by the banks and at the same time some of those deposits are directly converted to an outflow which is referred to as being the investments made by the banks on other marketable securities. This inflow and outflow of funds are mainly facilitated by the general banking branch of a bank provided that the former mechanism is one of the most major activities carried out by the general banking branch of

a bank. The general banking branch of a bank is what defines the retail division of a bank. General banking has three departments:

- Transfer
- Clearance
- Cash

General Banking comprises of-

**Customer service:**

Customer service is one of the major issues of general banking. Providing customer with suitable account information and details is the most frequent job of general banking.

**Account opening and closing:**

Bank accounts are opened so that customers can make transactions with that account, Close the accounts and withdrawal of deposits made to the bank.

For opening accounts, a customer is required to get authorized by an introducer, a client of the bank who already maintains an account with the bank and knows the aforementioned customer as well. This is very important step of opening bank account. Without proper introducer Shahjalal Islami bank does not opens account.

In order to open any account, the customer is provided with a PERSONAL ACCOUNT OPENING FORM, where the customer has to write and specify the account's name and other legal information. The customer is required to assign a nominee of the account and also has to provide the bank with the name and authorization of the introducer. Then the customer is required to fill out all the necessary information in the form for instance, give all signatures where required, identification numbers, present/permanent/business address, contact number, etc.

**Islami Banking Concepts:**

Islami Bank is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operation. For millions of Muslims, banks were institution to be avoided. Islam is a religion, which keeps Believers from the tellers' window. Their Islamic beliefs prevent them from dealings that involve usury or interest (Riba). Yet Muslim

needs banking services as much as anyone and for many purposes: to finance new business ventures, to buy a house, to facilitate capital investment to undertake trading activities and to offer safe place for saving. Muslims are not averse to legitimate profit as Islam encourages people to use money in Islamic ally legitimate ventures not just to keep their funds idle.

However in this fast moving world more than 1400 years after the Prophet (S.A.W) can Muslims find room for the principles of their religion? The answer comes with the fact that a global network of Islamic banks investment house and other financial institution have started to take shape based on the principals of Islamic finance laid down in the Quran and the Prophet's traditions some 14 centuries ago. Islamic banking based on the Quranic prohibition of charging interest has moved from a theoretical concept to embrace more than 100 banks operating in 40 countries with multibillion-dollar deposits worldwide. Islamic banking is widely regarded as the fastest growing sector in the Middle Eastern financial services market. Exploding onto the financial scene barely thirty years ago an estimated \$US100 billion worth of funds are now managed according to Shariah.

The best-known feature of Islamic Banking is the prohibition on interest. The Holy Quran forbids the charging of 'Riba' on money lent. It is important to understand certain principles of Islam that underpin Islamic finance. Muslim scholars accepted the word 'Riba' to mean any fixed or guaranteed interest payment on cash advances or on deposits.

The rules regarding Islamic finance are quite simple and can be summed up as follows:

- a) The predetermined payment over and above the actual amount of principal is prohibited.
- b) The lender must share in the profits or losses arising out of the enterprise for which the money was lent.
- c) Making money from Interest is not acceptable in Islam.
- d) Gharar (Uncertainty, Risk or Speculation) is also prohibited.
- e) Investment should only support practices or products that are not forbidden.

**Objective of Islamic Banking:**

The intention of Islamic Banking is not only to produce profit but also to do good and welfare to the people. Islam upholds the concept that money, income and property belong to ALLAH and this wealth is to be used for the good of the society. The main objectives of Islamic Banking are as follows:

1. To carry out interest free banking.
2. To institute participatory banking instead of Banking on debtor-creditor relationship.
3. To empower through different modes permitted under Islamic Shariah.
4. To accept deposits on profit-loss sharing basis.
5. To establish welfare oriented Banking System.
6. To expand operation to the poor, helpless and low income group for their economic enlistment.
7. To contribute in achieving the ultimate goal of Islamic economic system.
8. To facilitate the Islamic banking system in the country.
9. To create new entrepreneurs and to arrange required finance them

### **Common practices of Islamic banks in mobilization of funds:**

The common practices of Islamic banks in the sources of funds may be described as follows:

#### **1. Savings Account:**

All Islamic banks operate saving accounts. It must be pointed out that any return on capital is islamically justified only if the capital is employed in such a way that it is expected to a business risk. Savings accounts at Islamic Banks Generally operate as follows:



- I. Savings accounts are opened with the condition that deposits provide the bank with an authorization to invest.
- II. Depositors have the right to deposit and withdraw funds.
- III. The profits in savings accounts are calculated on the minimum balance maintained during the month. Depositors participate in the profits of savings accounts with effect from the beginning of the month following the month in which the deposits are made. Profits are not calculated with effect from the beginning of the month in which a withdrawal is made from the account.
- IV. A minimum balance has to be maintained in order to qualify for a share in profit.

The legal documents that the customer has to provide the bank for opening a savings account are:

- Two recent passport size photographs of the customer.
- One recent passport size photograph of the nominee.
- One photocopy of the National ID card of the customer.
- One photocopy of the National ID card of the nominee.
- Utility bill photocopy for last one month.
- One photocopy of TIN certificate (optional)
- One photocopy of Passport (optional)
- One photocopy of Driving License (optional)
- Business Card (optional)
- Birth certificate or commissioner certificate is required if NID not available.

**2. Depository Planned savings:**

- Millionaire Scheme
- Double the Money Scheme
- Monthly Income Scheme
- Monthly Deposit Scheme
- Hajj Scheme
- Mudaraba Bibaho Scheme (New Product)
- Mudaraba Cash Waqf Deposit Scheme (New Product)

- Special Term Deposit Scheme (New Product)
- Mudaraba Mohor Deposit Scheme (New Product)
- Mudaraba Shikhkha Deposit Scheme (New Product)
- Mudaraba Housing Deposit Scheme
- Mudaraba Lakhopoti Deposit Scheme
- Mudaraba Small Business Deposit Scheme

The legal documents that the customer has to provide the bank for opening a DPS account are:

- Two recent passport size photograph
- One recent passport size photograph of the nominee.
- One photocopy of the National ID card of the customer.
- One photocopy of the National ID card of the nominee.
- One photocopy of TIN certificate (optional)
- One photocopy of Passport (optional)
- One photocopy of Driving License (optional)
- Business Card (optional)

### **3. Current account:**

All Islamic banks control current account on behalf of their client individuals and business firms. These accounts are operated for the safe custody of deposits and for the convenience of customers. There is little difference between conventional banks as far the operation of current accounts is concerned. There are two dominant views about current account. One is to treat demand deposit as amnah (trust). A trust deposit is defined by the Jordan Islamic Banks as “cash deposits received by the bank where the bank is authorized to use the

deposits at its own risk and responsibility in respect to profit or loss and which are not subject to any conditions for withdrawals or depositing”.

The legal documents that the customer has to provide the bank for opening a Current account are:

**Limited Company:**

- Board Resolution
- Trade License
- Company TIN certificate
- NID/ Passport photocopy of each signatory
- List of Directors along with address
- Certificate of Incorporation
- Memorandum of Articles of Association
- Company Seal
- Two recent passport size photographs of each signatory
- Business Card of each signatory (optional)

**Partnership Company:**

- Trade License
- Company TIN certificate
- NID/ Passport photocopy of each signatory
- Partnership Deed (Registered)
- Company Seal
- Two recent passport size photographs of each signatory
- Business Card of each signatory (optional)

**Sole Proprietorship Company:**

- Trade License
- Company TIN certificate
- NID/ Passport photocopy of each signatory
- Company Seal
- Two recent passport size photographs of the proprietor

- Business Card of the proprietor (optional)

#### **4. Short Notice Deposit (SND) Account:**

The requirements are same as Current Accounts.

#### **5. Fixed Deposit Account:**

The legal documents that the customer has to provide the bank for opening a Fixed Deposit account are:

- Two recent passport size photograph
- One recent passport size photograph of the nominee.
- One photocopy of the National ID card of the customer.
- One photocopy of the National ID card of the nominee.
- One photocopy of TIN certificate (optional)
- One photocopy of Passport (optional)
- One photocopy of Driving License (optional)
- Business Card (optional)

### **Islamic Financial Vehicles:**

Islamic banks around the world have devised many creative financial products based on the risk sharing and profit sharing principles of Islamic banking. For day to day banking activities a number of financial instruments have been developed that satisfy the Islamic set of guidelines and provide acceptable financial returns for investors.

**Al-Mudaraba (Profit Sharing):**

This implies a contract between two parties whereby one party the rabb al mal (beneficiary; owner or the sleeping partner), entrusts money to the other party called the mudarib (managing trustee or the labor partner). Important features of Mudaraba are as follows:

1. The division of profits between the two parties must necessarily be on a proportional basis and cannot be a lump sum or guaranteed return.
2. The investor is not liable for losses beyond the capital he has contributed.
3. The mudarib does not share in the losses except for the loss of his time and efforts.

**Murabaha:**

This is the sale of a commodity at a price, which includes a stated profit known to both the vendor and the purchaser. This can be called a cost plus profit contract. The buyer in deferred payments usually pays the price back. Under Murabaha the Islamic bank purchases in its own name, goods that an importer or a buyer wants and then sells them to him at an agreed mark-up. This technique is usually used for financing trade, but because the bank takes title to the goods, and is therefore engaged in buying and selling its profit derives from a real service that entails a certain risk and is thus seen as legitimate.

**Musharaka (Profit and Loss Sharing):**

This is a partnership normally of limited duration formed to carry out a specific project. It is therefore similar to a western- style joint venture, and is regarded by some as the purest form of Islamic financial instrument, since it conforms to the underlying partnership principles of sharing in and benefiting from risk. In this case the bank enters into a

partnership with a client in whom both share the equity capital and perhaps even the management of a project or deal and both share in the profits or losses according to their equity shareholding.

### **Ijarah (Lease Financing):**

Another popular instrument is leasing which is designed for financing an asset or equipment. It is a manfaah (benefit) or the right to use the asset or equipment. The lessor leases out an asset or equipment to the client at an agreed rental fee for a pre-determined period pursuant to the contract.

### **Ijara WA Iktina (Hire Purchase):**

Equivalent to the leasing and installment loan, hire- purchase, practices that put millions of drivers on the road each year. These techniques as applied by Islamic banks include the requirement that the leased items be used productively and permitted by Islamic law.

### **Muqarada:**

This technique allows a bank to flat what are effectively Islamic bonds to finance a specific project. Investors who buy muqaradah bonds take a share of the profits of the project being financed, but also share the risk of unexpectedly low profits or even losses.

### **Bai-Salam:**

A buyer pays in advance for a specified quality of a commodity, deliverable on a specific date at an agreed price. This financing technique, similar to a futures or forward- purchase contract is particularly applicable to seasonal purchase but it can also be used to buy other goods in cases where the seller needs working capital before he can deliver.

### **Istisna (Purchase order):**

This is a sale and purchase agreement whereby the seller undertakes to manufacture or construct according to the specification given in the agreement. It is similar to bai Salam

the main distinction being the nature of the asset and method of payment. Istisna generally covers those things which are customarily made to order and advance payment of money is not necessary as required in bai Salam. The method of payment in istisna is flexible.

### **Bai-Muajjal:**

The terms 'Bai' and 'Muajjal' have been derived from Arabic words 'Bai' and 'Ajl'. The word 'Bai' means purchase and sale. The word 'Ajl' means fixed time or a fixed period. 'Bai-Muajjal' means sale for which payment is made at a future fixed date or within a fixed period. In short, it is a sale on credit. 'Bai-Muajjal' may be defined as a contract between a buyer and seller under which the seller sells specific goods to the buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installment's.

### **Hire Purchase under Shirkatul Melk**

Shirkat means partnership. Shirkatul Melk means share in ownership when two or more persons supply equity to purchase an asset own the same jointly and share the benefit as per agreement and bear the loss in proportion to their equity, the contract is called Shirkatul Melk contract.

### **Quard-Al-Hasan**

It is a virtuous loan. Through this mode, Bank provides loan to its customer for a certain period, which bears no profit/loss/compensation.

### **Cash:**

This department is accountable for the disbursement and collection of cash to and from the customers respectively.

This department has two purposes in general:

## **Receiving Cash**

The officer at the cash department receives the credit voucher (deposit slip) along with the cash provided by the customer. The officer then checks if the slip has been correctly filled or not. The officer will check the account number and match it with the account name specified on the system with the account name written on the deposit slip. The officer then checks the amount specified on the slip and counts and checks if the amount of cash provided by the customer match or not. The officer then puts the posting seal and received seal and makes the entry of the transaction on the system

## **Disbursement of Cash**

The officer will check whether the cheque is torn or has been tampered with. If not, then the officer will check the account number and match the signature and account name with the signature and account name displayed on the system. If the particulars match, then the officer checks the amount specified on the cheque and checks if sufficient amount of finance is available in the account to be debited (disbursement). If sufficient fund is available then the officer puts the posting seal and makes an entry on the system and disburses the fund to the cheque carrying customer.

## **Critical Observation:**

- Customer satisfaction is a major issue in a service orientated business because if the customers are not satisfied with the service the business cannot prosper.
- As my supervisor was very supportive towards me and showed appreciation towards my work it gave me a sense of gratitude, so I think employee appreciation plays a vital part in performance of an employee.



- Work environment plays an important role for the sustainable future of an organization.

## **Major findings/Problems:**

### **1. Requirement of Segmentation:**

The Bank has no segmentation to handle different type of customers. They are equally treating of all the customers to provide service. But high status clients seek on extra honor from Bank or institution.

### **2. Lack of Modification:**

The Branch is not decorated with ultra modern facility and not so nice to look at. Their furniture's and relevant materials are not so high standard.

### **3. Work Environment is not so suitable:**

The work environment is noisy and full of crowd sometimes. It is bad for any financial organization and also bad for security. There is few sitting arrangement for the customer waiting.

### **4. Hard Rules & Regulation to Open A/C:**

The procedures to open an account are full of hard & fast rules and regulations (as per Bangladesh Bank). But compare to other Bank prime bank is not as flexible as they are doing to open A/C or attract customers.

### **5. Customer Objectives:**

Behavior towards customers should be improvised. As customer satisfaction is one of the main issues of service, the employees need to adapt good behavior to deal with them.

#### **6. Lack of Good Cooperation:**

Every organization has this type of problem. But it should be minimized to faster the service as it is the financial institution and on depends to another to complete a process fully.

#### **7. Lengthy Procedures & Process:**

The scheduled activities of the bank like A/C opening A/C closing and issuing of solvency certificates are delay sometimes due to lack of proper initiates. This tendency is bad for banking good service. CSS maturity and closing require 3 days, which is an image of Govt. Bank.

#### **8. Low Interest Rate Cannot Attract Customers:**

Compare to many others Banks SJIBL offer low interest rate to depositors. So they are not interested to keep their money in low rate of interest. The SJIBL management is only hunting to ward low cost and no cost deposit.

#### **9. Customers' Complains:**

Customer's all complains are related with lengthiness and time consuming of tasks. But it is not possible for slow and lack of cordial interruption of the management.

### **Recommendations:**

On the basis of theoretical analysis and practical experience of thesis program, I may suggest the following issues:

#### **1. Technological Modification:**

The branch should be more technologically rich than present time. Then all manual tasks will be converted into computerized system.

## **2. Information Cell Establishment:**

Each and every branch should establish an information cell with one/two dump smart executives who will be able to provide all sort of information regarding banking and respective branch.

## **3. Provide Nice Decoration:**

Now a day's private Bank is an image building and most nice environment organization. So the decoration should be unique and better than our competitors.

## **4. Handling Customers Well:**

I think the employees of the branch should be trained up how to handle different type of customers. The training should not limit only GB, Credit, and Foreign exchange etc.

## **5. Behavior Modification of the Employees:**

Very few employees' behavior should be modified enough to maintain positive attitude toward banks. They should always think it is a private bank and fully service oriented organization.

## **6. Offer Competitive Interest Rate:**

SJIBL should offer high competitive interest rate to attract depositor to increase the liquidity. Then it will able to deal with call money business in the age of fluting rate of exchange.

## **7. Site Selection of Branch:**

Management should carefully consider the location to set up a new branch. Because choosing location is a vital issue for a business.

#### **8. Deposit Mobilization:**

SJIBL has to increase their deposit mobilization growth. Also other banks have to take necessary action to maintain and improve their deposit mobilization growth rate.

#### **9. Operating Income:**

For the maximizing the operating income, SJIBL should try to take necessary action to increase the operating income.

#### **10. Reduce Expenditure:**

It is very essential to reduce the expenditure of the SJIBL Bank. SJIBL Bank expenditure is very high other than two banks.

#### **11. Remove Slow Rate of profit:**

SJIBL Bank profit is increased previous year but growth rate is low. So take necessary steps to increase the profit.

#### **12. Performance Increase:**

SJIBL Bank should increase their performance by engaging efficient decision maker in the managerial level and by conducting training programs more frequently.

#### **13. New Planning:**

All commercial banks including both nationalized and private should introduce performance planning system for increasing their operational efficiency or purpose the following other recommendation:

- It should utilize properly idle money, because idle money is one of the major problems of banking sector.

- Proper standard should be set by the movement for comparative performance measurement.
- Proper decision should be taken for banking sector which should not be changed rapidly. Proper training should be given in order to create efficient personnel. World Bank's prescription for banking reform programmed should be analysis before implementing.

### **Conclusion:**

Shahjalal Islami Bank Ltd, Motijheel branch is one of the most potential Islami banks in the Islami banking sector. It has a large portfolio with huge assets to meet up its liabilities and the management of this bank is equipped with the expert bankers and managers in all level of management. So it is not an easy job to find out the drawbacks of this branch as a new branch. But the branch needs more employees for its substantial

growth. I would rather feel like producing my personal opinion about the ongoing practices in Motijheel Branch.

Shahjalal Islami Bank limited is a leading Private Islami bank in Bangladesh with better customer bases that are trustworthy, faithful, and creditable towards the bank. The service provided by the young energetic officials of the Shahjalal Islami Bank Limited is very adequate. As an Islami bank SJIBL has to follow the rules of Bangladesh bank despite the fact that these rules sometime restrict the foreign business to some extent. During my internship in this branch I have found its General Banking department to be very efficient; therefore this department plays a major role in the overall profitability of the branch and to the Bank as a whole.

The Bank's drive towards market leadership as well as quality in choosing business will continue in the coming years although competition is intensified with the opening of more financial institutions. The Bank is optimistic that the volume of business will increase in future through pragmatic and market friendly policies. The Bank shall continue to explore new Branches for Banking. We shall try to adopt customer-oriented policies and introduce new techniques that will help to earn profit and increase greater confidence of the existing/ prospective customers. If Shahjalal Islami Bank Ltd, Motijheel Branch adopts professionalism within the frame work of Shariah, they will be able to earn handsome "Halal Profit" and higher return to the depositors and share holders. In the end, public will get more confidence on this type of Banking.

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